

## Message Text

CONFIDENTIAL

PAGE 01 MANILA 02566 212331Z

ACTION EB-08

INFO OCT-01 EA-07 ISO-00 SSO-00 NSCE-00 INRE-00 CAB-02  
CIAE-00 COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-01  
FAA-00 SS-15 NSC-05 L-03 /049 W  
-----212334 124584 /61/10S

O 210423Z FEB 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 6204

C O N F I D E N T I A L MANILA 2566

C O R R E C T E D C O P Y - REF B) SHOULD READ STATE 038949  
VICE 03849

FOR KATZ AND HOLBROOKE FROM SULLIVAN

PASS WHITEHOUSE FOR NSC

E.O. 11652: GDS

TAGS: CIVAIR

SUBJECT: US-PHILIPPINE NEGOTIATIONS

REF: A. MANILA 2560, B) STATE 038949

1. I GATHER FROM REFTEL B THAT USCAB HAS ALREADY TAKEN ACTION TO INITIATE PRESIDENTIAL REJECTION OF PAL ALL-CARGO CERTIFICATION. I ALSO GATHER THAT DEPARTMENT AGREED TO THIS ACTION SOME TIME AGO WITHOUT CONSULTING EMBASSY, AND MERELY NOTIFIED US AFTER ACTION ENDORSED.

2. RATIONALE PROVIDED IN REF B FOR USCAB ACTION NEGLECTS SIGNIFICANT ASPECT OF NEGOTIATIVE HISTORY IN 1974 ARRANGEMENTS. DURING THOSE NEGOTIATIONS, U.S. SOUGHT PHILIPPINE AGREEMENT TO PHRASE "FAVORABLE CONSIDERATION", WHICH WOULD HAVE IMPLIED AN ASSURANCE OF PHILIPPINE CAB POSITIVE ACTION. IN FINAL ANALYSIS, WE SETTLED FOR "SYMPATHETIC CONSIDERATION",  
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WHICH IMPLIES NO RPT NO SUCH ASSURANCE. TO ANY OBSERVER OF FILIPINO PSYCHOLOGY, IT WOULD BE CLEAR THAT POSITIVE APPROVAL IN THESE CIRCUMSTANCES WOULD COME AFTER RPT AFTER USCAB HAS ACTED ON PAL ALL-CARGO APPLICATION. HAD WE BEEN CONSULTED, WE COULD AND WOULD HAVE ADVISED DISCUSSION OF SUCH AN ARRANGEMENT WITH GOP.

3. I AGREE WITH YOU THAT MATTER HAS NOW BEEN SO BADLY MISHANDLED THAT IT HAS BECOME LINKED IN FILIPINO MINDS WITH BARGAINING EFFORT FOR LOS ANGELES. IT IS FOR THIS REASON THAT WE HAVE EXPRESSED CONCERN THAT THIS APPARENTLY MINOR ACTION BY USCAB, ACTING IN IRRITATION OVER A MINOR MATTER WHICH DEPARTMENT HAD NEVER RAISED WITH US, HAS THE POTENTIAL TO COLLAPSE THE WHOLE STRUCTURE OF U.S.-PHILIPPINE AVIATION ARRANGEMENTS. WHILE FTL MAY STATE THAT IS IS "PREPARED SUFFER CONSEQUENCES", DEPARTMENT SHOULD REALIZE THAT, IN THE LONG RUN, IT WILL BE TRAVELLING PUBLIC WHO WILL BE MOST SERIOUSLY AFFECTED. ORIGINAL USCAB CHARTER WAS TO PROTECT THE PUBLIC. THIS OFFER SEEMS LOST TO SIGHT AS WE PLAY BRINKSMANSHIP IN MISGUIDED EFFORTS TO HELP INDIVIDUAL AIRLINES.

4. IT IS, I FEAR, TOO LATER FOR EMBASSY TO USE ITS "IMPRESSIVE PERSUASIVE POWERS" IN THIS MATTER, ESPECIALLY SINCE THEY DON'T SEEM TO HAVE BEEN ALL THAT PERSUASIVE TO THOSE IN WASHINGTON WHO SHOULD BE INTERESTED IN PRECLUDING THIS SORT OF IMBROGLIO. THE LESSON OF THIS SORT OF AFFAIR IS THAT THE DEPARTMENT SHOULD CONSULT WITH THE EMBASSY IN ADVANCE TO SEE IF WE CAN WORK OUT SOME WAY TO AVERT SELF-INFLECTED WOUNDS. WE COULD STILL PROBABLY DO SOMETHING IF THE USCAB WILL TAKE THE GUN AWAY FROM ITS HEAD BY WORKING OUT A DEFERRAL OF ACTION WITH PAL. HOWEVER, IF THEY HAVE ALREADY PUT THE PRESIDENT ON THE SPOT BY PUBLICIZING THEIR RECOMMENDATION TO REJECT, THERE IS LITTLE WE CAN DO HERE.

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009